UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: BKY Case No.: 08-46367

ARC Venture Holding, Inc., et al., Chapter 7
(Jointly Administered)

Debtors.[1]

Brian F. Leonard, Trustee,

Adv. No.: 10-4___

Plaintiff,

vs. **ADVERSARY COMPLAINT**

Brett A. Saunders dba
Saunders Electrical Construction,

Defendant.

Brian F. Leonard, the Chapter 7 Trustee of the Bankruptcy Estate of ARC Venture Holding, Inc., et al. ("Trustee"), for his Complaint against Defendant Brett A. Saunders dba Saunders Construction ("Saunders"), states and alleges as follows:

1. On December 8, 2008, the Debtors filed their voluntary Chapter 11 bankruptcy petitions, with the exception of Advantage Licensing, LLC, which filed its Chapter 11 petition on January 24, 2009.

2. The Debtors' cases were converted to Chapter 7 proceedings on June 3, 2009 and Brian F. Leonard was appointed to serve as Trustee. These cases are presently pending before this Court.

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[1] Jointly administered estates of the following Debtors: ARC Venture Holding, Inc., Case No. 08-46367; Southwest-Tex Leasing Co., Inc., d/b/a Advantage, Case No. 08-46368; Advantage Rent-A-Car, Inc., Case No. 08-46369; Coast Leasing Corp., Case No. 08-46370; Floral Leasing Corp., Case No. 08-46371; Iliad Leasing Corp., Case No. 08-46372; Miso Leasing Corp., Case No. 08-46373; Nugget Leasing Corp., Case No. 08-46374; Okra Leasing Corp., Case No. 08-46375; Rainier Leasing Corp., Case No. 08-46376; San Antonio Rental & Leasing Co., Inc.; Case No. 08-46377; Steamboat Springs Rental and Leasing Co., Inc., Case No. 08-46379; Sun Leasing Corporation, Case No. 08-46380; Tradewinds U-Drive, Inc., Case No. 08-46383 Ute Leasing Corporation, Case No. 08-46384; Advantage Licensing LLC, Case No. 09-40394.

3. The Debtor ARC Venture Holdings, Inc. ("ARC Venture") is a Delaware corporation. ARC Venture owns 100% of the shares of Debtor Southwest-Tex Leasing Co., Inc. ("Southwest-Tex Leasing"). Southwest-Tex owns 100% of all of the other Debtors, including Coast Leasing Corp. ("Coast"), except Debtor Advantage Licensing LLC.

4. The Debtors operated a car rental business under the trade name "Advantage Rent-A-Car" ("Advantage"), which maintained its executive offices in Minneapolis, Minnesota and its administrative offices in San Antonio, Texas.

5. Advantage operated retail rental car offices in California, Florida, Illinois, Minnesota, Missouri, Nevada, Oklahoma, Washington, Arizona, Colorado, New Mexico, Hawaii, Utah, and Texas.

6. Defendant Saunders did business in California or in other states where the Debtors were in business.

7. This Court has jurisdiction over this matter under 28 U.S.C. §§157(b)(2) and 1334, Bankruptcy Rule 5005, Local Rule 1070-1, and 11 U.S.C. §§547, 550 and 551. This is a core proceeding.

8. Coast paid Saunders $140,078.70 by Check no. 50095 dated September 22, 2008 (the "Transfer").

9. The Transfer was a payment to Saunders, a creditor, on account of antecedent debt.

10. Coast made the Transfer to Saunders within the 90-day period prior to the commencement of the bankruptcy proceeding when Coast was insolvent.

11. The Transfer of $140,078.70 enabled Saunders to receive more than it would have received as a creditor under Chapter 7 of the Bankruptcy Code.

12. The Trustee is entitled to avoid the Transfer of $140,078.70 to Saunders as a preferential transfer under 11 U.S.C. §547(b) and to recover from Saunders the amount of the Transfer, plus interest, under 11 U.S.C. §550.

WHEREFORE, the Trustee seeks a judgment of this Court for the following:

1. Avoiding Coast Leasing Corp.'s payment of $140,078.70 to Brett A. Saunders dba Saunders Electrical Construction as a preferential transfer under 11 U.S.C. §547(b);

2. Entering judgment of $140,078.70 or more, together with interest, against Brett A. Saunders dba Saunders Electrical Construction and in favor of Brian F. Leonard, Trustee, under 11 U.S.C. §§547(b) and 550;

3. Preserving all amounts recovered for the benefit of the Estate under 11 U.S.C. §551;

4. Awarding Brian F. Leonard, Trustee, his costs, disbursements and attorneys' fees; and for such other relief as the Court deems just.

LEONARD, O'BRIEN
SPENCER, GALE & SAYRE, LTD.

Dated: November 23, 2010

By /e/ Andrea M. Hauser

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